# Beaver County Combined District Courts

Summary Audit Report
For the Period January 2006 through December 2007

David A. Rossi Beaver County Controller

# **Table of Contents**

Audit Letter	2
Audit Scope and Objectives	3
Statements of Revenues and Expenses	4
Notes to the Financial Statements	24
Report on Internal Control Structure	25
Observations and Recommendations	27
Exit Conference and Follow-up Reporting	30

DAVID A. ROSSI CONTROLLER



WILLIAM CALHOON CHIEF DEPUTY CONTROLLER ALBERT A. TORRENCE SOLICITOR

BEAVER COUNTY COURTHOUSE THIRD STREET – BEAVER, PENNSYLVANIA 15009-2196 TELEPHONE: Area Code 724-728-5700

August 19, 2008

Mr. A. R. DeFilippi Beaver County Court Administrator Beaver County Court House Beaver, PA 15009

Dear Mr. DeFilippi:

We have audited the financial records of the nine District Courts in the county of Beaver of the state of Pennsylvania for the period <u>January 1, 2006 through December 31, 2007</u>. Based upon the audits we have issued our summary report thereon dated August 19, 2008.

We conducted our audits in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Based upon our review of the financial records, we have made the following observations and recommendations as detailed in this report.

David A. Rossi
Beaver County Controller

#### **AUDIT SCOPE:**

The scope of these audits encompassed the period from January 1, 2006 to December 31, 2007.

#### **AUDIT OBJECTIVES:**

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for these audits:

Prepared financial statements for each year reviewed

- Evaluated controls over the District Court's checking accounts and change funds
- Ensured that funds were deposited on the same day received
- Ensured that funds received were disbursed to the proper payees
- Ensured that funds held in escrow were adequate
- Ensured that funds receipted were applied to the proper case
- Ensured that costs and fines were properly split upon receipt
- Ensured that reports and funds due to the Commonwealth were correct and remitted in a timely manner
- Ensured that proper documentation was maintained in the case files
- Evaluated the controls over cash
- Evaluated the controls over purchasing and the administration of the budget
- Evaluated controls over general office procedures

# COMBINED DISTRICT COURTS STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning of	cash balance	(1/1/2006)
--------------	--------------	------------

\$ 142,892.22

# Receipts:

Traffic	\$ 2,057,170.41
Non-Traffic	768,350.05
Collateral	443,374.51
Criminal, Civil, etc.	426,894.13

Total receipts

3,695,789.10

#### **Disbursements:**

Commonwealth of Pennsylvania	\$ 1,994,106.48
Municipalities	603,997.29
<b>Beaver County</b>	502,642.31
Restitution & Refund Bail / Collateral	325,639.53
Server Costs	241,027.59
Miscellaneous Schools & Libraries	<u>21,296.77</u>

Total d	isbursem	ents
---------	----------	------

(3,688,709.97)

# Adjustments:

Adjustment for void checks	2,476.11
Net reimbursed bank charges	18.46
Miscellaneous	(43.87)

# Ending cash balance (12/31/2006)

\$ <u>152,422.05</u>

#### DISTRICT COURT 36-1-01 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)	\$ 15,748.40
Receipts:	-
Non-Traffic 62, Criminal, Civil, etc. 45,	729.38 062.89 689.00 <u>297.20</u> 286,778.47
Disbursements:	
Beaver County 44, Ambridge Boro 24, Harmony Township 22, Restitution & Refund Bail / Collateral 20, Server Fees 20, Baden Boro 14,	907.85 819.43 777.94 417.69 212.19 145.12 448.60 361.04
Total disbursements	(288,089.86)
Adjustments:	
Adjustment for void checks	216.90

Ending cash balance (12/31/2006)

\$ <u>14,653.91</u>

# DISTRICT COURT 36-1-02 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)		\$ 10,086.66
Receipts:		
Traffic Non-Traffic Criminal, Civil, etc.	\$ 212,661.02 70,027.88 59,466.33	
Collateral	<u>19,177.61</u>	
Total receipts		361,332.84
Disbursements:		
Commonwealth of Pennsylvania	\$ 184,450.23	
Beaver County	57,802.61	
Beaver Falls City	41,221.63	
Server Fees	30,353.75	
Restitution & Refund Bail / Collateral	15,743.43	
White Township	8,369.57	
Patterson Township	8,205.61	
Beaver Falls Parking Authority	6,280.64	
Fallston Boro	3,320.32	
Big Beaver Falls Area Schools	1,310.78	,
West Mayfield Boro	1,028.28	
Eastvale Boro	377.86	
Carnegie Free Public Library	190.68	
Blackhawk School District	25.00	
Patterson Boro	<u>12.50</u>	
Total disbursements		(358,692.89)
Adjustments:		
Adjustment for void checks		15.70
Net Reimbursed Bank charges		<u>14.34</u>
Ending cash balance (12/31/2006)	•	\$ 12.756.65

#### DISTRICT COURT 36-1-03 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)		\$ 5,748.71
Receipts:		
Traffic Criminal, Civil, etc. Non-Traffic Collateral	\$ 71,877.39 52,743.46 35,742.74 21,576.53	191 040 12
Total receipts		181,940.12
Disbursements:		
Commonwealth of Pennsylvania Aliquippa Boro Beaver County Server Fees Restitution & Refund Bail / Collateral Aliquippa School District	\$ 82,823.50 32,193.76 27,050.43 22,152.07 7,616.97 4,570.81	
Total disbursements		(176,407.54)
Adjustments:		
Adjustment for void checks Un-reimbursed bank fees		44.80 (27.73)
Ending cash balance (12/31/2006)		\$ 11,298.36

# DISTRICT COURT 36-2-01 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)			\$ 28,730.79
Receipts:			
Traffic	\$	412,827.54	
Non-Traffic		143,759.42	
Collateral		84,899.64	
Criminal, Civil, etc.		80,894.75	
Total receipts			722,381.35
Disbursements:			
Commonwealth of Pennsylvania	\$	404,055.55	
Beaver County		96,130.79	
Restitution & Refund Bail / Collateral		71,685.93	
Server Fees		40,473.84	
Rochester Boro		27,028.03	
Rochester Township		22,498.37	
Economy Boro		22,019.63	
New Sewickley Township		21,949.53	
Conway Boro		7,296.95	
Freedom Boro		6,237.61	
East Rochester Boro		3,343.00	
Freedom Area School District		660.34	
Rochester Area School District		117.55	
Ambridge Area School District		50.00	
Rochester Public Library		<u>3.63</u>	
Total disbursements			(723,550.75)
Adjustments:			
Adjustment for void checks	-		673.14
Miscellaneous Adjustment			(12.95)
Ending cash balance (12/31/2006)			\$ <u>28,221.58</u>

# DISTRICT COURT 36-2-02 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)		\$ 21,533.92
Receipts:		
Traffic	\$ 276,237.18	•
Collateral	64,642.87	
Non-Traffic	58,370.64	
Criminal, Civil, etc.	48,782.75	
Total receipts		448,033.44
Disbursements:	-	
Commonwealth of Pennsylvania	\$ 233,323.56	
Beaver County	56,454.98	
Restitution & Refund Bail / Collateral	50,129.31	
Bridgewater Boro	31,111.94	
Server Fees	20,431.20	
Beaver Boro	19,759.77	
Brighton Township	12,539.38	
Midland Boro	12,237.37	
Ohioville Boro	7,233.15	
Industry Boro	6,025.30	
Vanport Township	2,227.32	
Beaver Area School District	1,339.87	
Glasgow Boro	300.00	
Midland School District	167.93	
Western Beaver Area School District	161.59	
Beaver Area Memorial Library	113.38	
Total disbursements		(453,556.05)
Adjustments:		
Adjustment for void checks		201.47
Reimbursed Bank charges		<u>15.35</u>
Ending cash balance (12/31/2006)		\$ <u>16,228.13</u>

# DISTRICT COURT 36-3-01 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)		\$ 14,259.85
Receipts:		•
Traffic	\$ 243,964.87	
Non-Traffic	118,890.99	
Criminal, Civil, etc.	35,573.75	
Collateral	30,284.92	
Total receipts		428,714.53
Disbursements:		
Commonwealth of Pennsylvania	\$ 238,651.78	•
Beaver County	55,057.61	
New Brighton Boro	48,618.96	
Restitution & Refund Bail / Collateral	33,359.64	
Server Fees	25,365.06	
North Sewickley Township	6,879.31	
Franklin Township	5,246.85	
Marion Township	2,870.72	
Daugherty Township	2,520.45	
Pulaski Township	1,781.75	
New Brighton Area School District	1,592.38	
Riverside School District	1,251.53	
Ellwood City Boro	1,134.40	
Fallston Boro	<u>6.65</u>	
Total disbursements		(424,337.09)
Adjustments:		•
Adjustment for void checks		<u>377.30</u>
Ending cash balance (12/31/2006)		\$ 19.014.59

# DISTRICT COURT 36-3-02 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)		\$ 14,345.78
Receipts:		
Traffic Collateral Non-Traffic Criminal, Civil, etc.	\$ 258,134.09 54,508.15 40,202.07 38,313.68	
Total Revenues  Disbursements:		391,157.99
Disbursements:		
Commonwealth of Pennsylvania Beaver County Restitution & Refund Bail / Collateral Chippewa Township Server Fees Koppel Boro South Beaver Township Big Beaver Boro Darlington Township Darlington Boro Blackhawk School District Homewood Boro New Galile Boro	\$ 263,304.92 51,536.06 27,374.50 16,523.19 16,435.45 7,833.77 4,159.69 2,424.10 1,737.00 931.94 749.54 161.56 146.21	
Total Disbursements	•	(393,317.93)
Adjustments:		
Adjustment for void checks Reimbursed Bank Charges		101.53 <u>16.00</u>

Ending cash balance (12/31/2006)

\$ 12,303.37

# DISTRICT COURT 36-3-03 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

Beginning cash balance (1/1/2006)		\$ 22,786.50
Receipts:		
Traffic	\$ 341,639.44	
Non-Traffic	173,201.04	
Collateral	105,141.12	
Criminal, Civil, etc.	<u>39,787.91</u>	
Total receipts		659,769.51
Disbursements:		
Commonwealth of Pennsylvania	\$ 336,650.24	
Beaver County	84,366.28	
Restitution & Refund Bail / Collateral	74,396.21	
Server Costs	51,598.93	
Monaca Boro	53,019.98	·
Center Township	38,375.88	
Raccoon Township	9,421.28	
Shippingport Boro	4,215.84	
Green Township	3,295.86	
Potter Township	2,076.11	
Hookstown Boro	453.27	
Monaca Area School District	225.76	
Center Area School District	221.99	
Community College of Beaver County	115.62	
Hopewell Area School District	63.39	
Georgetown Boro	55.60	•
Blackhawk School District	24.99	•
South Side School District	25.00	
Ambridge Area School District	<u>15.30</u>	
Total disbursements		(658,617.53)
Adjustments:		,
Adjustment for void checks		797.76
Miscellaneous		(30.92)
Ending cash balance (12/31/2006)		\$ 24.705.32

#### DISTRICT COURT 36-3-04 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2006

	•	
Beginning cash balance (1/1/2006)		\$ 9,651.61
Receipts:		
Traffic	\$ 90,099.50	
Non-Traffic	66,092.38	
Collateral	33,846.47	
Criminal, Civil, etc.	<u>25,642.50</u>	
Total receipts		215,680.85
Disbursements:		
		·
Commonwealth of Pennsylvania	\$ 109,938.85	
Beaver County	29,424.12	
Restitution & Refund Bail / Collateral	25,121.35	
Hopewell Township	16,547.62	
Server Fees	14,072.17	
Independence Township	9,238.37	
South Heights Boro	3,871.13	
Hanover Township	2,001.18	
Hopewell Area School District	1,658.03	
Frankfort Boro	<u>267.51</u>	
Total disbursements		(212,140.33)
Adjustments:		
Adjustment for void checks Net reimbursed bank charges		47.51 . <u>50</u>

Ending cash balance (12/31/2006)

\$ <u>13,240.14</u>

# COMBINED DISTRICT COURTS STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning	cash balance	(1/1/2007)
-----------	--------------	------------

\$ 152,422.05

#### Receipts:

Traffic	\$ 2,222,225.54
Non-Traffic	688,447.16
Collateral	610,320.63
Criminal, Civil, etc.	443,060.08

Total receipts

3,964,053.41

#### Disbursements:

Commonwealth of Pennsylvania	\$ 2,093,190.45
Municipalities	623,812.81
Beaver County	534,802.67
Restitution & Refund Bail / Collateral	384,325.75
Server Costs	280,798.21
Miscellaneous Schools & Libraries	<u>29,497.55</u>

**Total disbursements** 

(3,946,427.44)

#### Adjustments:

Adjustment for void checks	2,044.91
Reimbursed Bank charges	34.19
Miscellaneous	13.87
Return items not on the computer	( <u>990.00</u> )

Ending cash balance (12/31/2007)

**\$** 171,150.99

# **DISTRICT COURT 36-1-01** STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 14,653.91
Receipts:		
Traffic	\$ 128,365.13	
Non-Traffic	54,307.22	
Collateral	51,223.04	
Criminal, Civil, etc.	43,402.89	
Total receipts		277,298.28
Disbursements:		
Commonwealth of Pennsylvania	\$ 126,447.40	
Beaver County	39,889.78	
Restitution & Refund Bail / Collateral	33,982.58	
Harmony Township	26,749.63	
Server Fees	24,241.32	•
Ambridge Boro	18,755.58	
Baden Boro	9,930.59	
Ambridge Area School District	<u>562.71</u>	
m . 1 11 1		
Total disbursements		(280,559.59)
Adjustments:		
Adjustment for void checks		108.25
Return items not on the computer		( <u>496.00</u> )
Ending cash balance (12/31/2007)		\$ <u>11,004.85</u>

# DISTRICT COURT 36-1-02 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 12,756.65
Receipts:		
Traffic Non-Traffic Criminal, Civil, etc. Collateral  Total receipts	\$ 202,312.51 82,190.53 65,552.40 19,400.85	369,456.29
Disbursements:	•	
Commonwealth of Pennsylvania Beaver County Server Fees Beaver Falls City Restitution & Refund Bail / Collateral Patterson Township White Township Beaver Falls Parking Authority Fallston Boro Big Beaver Falls Area Schools West Mayfield Boro Eastvale Boro Patterson Boro New Brighton Boro Carnegie Free Public Library	\$ 175,002.43 58,706.77 42,090.04 39,981.58 17,196.90 10,863.97 8,030.40 7,319.07 4,439.08 1,990.74 1,525.26 1,171.48 400.00 193.44 2.51	
Total disbursements		(368,913.67)
Adjustments:		
Adjustment for void checks Reimbursed bank charges		9.53 <u>1.66</u>

Ending cash balance (12/31/2007)

\$ <u>13,310.46</u>

# DISTRICT COURT 36-1-03 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 11,298.36
Receipts:		
Traffic Criminal, Civil, etc. Non-Traffic Collateral	\$ 75,907.35 51,459.61 38,002.23 27,026.88	
Total receipts		192,396.07
Disbursements:		
Commonwealth of Pennsylvania Aliquippa Boro Beaver County Server Fees Restitution & Refund Bail / Collateral Aliquippa School District	\$ 84,543.11 31,637.60 30,668.68 23,638.76 14,718.89 7,405.19	
Total disbursements		(192,612.23)
Adjustments:		
Reimbursed Bank Charges Adjustment for void checks		50.39 <u>46.62</u>
Ending cash balance (12/31/2007)		\$ <u>11,179.21</u>

# DISTRICT COURT 36-2-01 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning (	cash	balance	(1/1/2007)
-------------	------	---------	------------

\$ 28,221.58

#### Receipts:

Traffic	\$ 495,970.83
Collateral	144,762.59
Non-Traffic	111,590.59
Criminal, Civil, etc.	91,876.80

Total receipts

844,200.81

#### Disbursements:

Commonwealth of Pennsylvania	\$ 430,169.25
Restitution & Refund Bail / Collateral	109,475.19
Beaver County	100,786.19
Server Fees	54,520.97
Rochester Boro	46,116.60
Rochester Township	27,843.86
New Sewickley Township	20,047.02
Economy Boro	16,444.72
Freedom Boro	6,562.50
Conway Boro	5,954.63
East Rochester Boro	2,294.63
Rochester Area School District	1,856.04
Freedom Area School District	1,617.61
Beaver Boro	16.13
Homewood Boro	2.56
Rochester Public Library	2.09
·	

Total disbursements

(823,709.99)

#### Adjustments:

Adjustment for void checks	444.14
Miscellaneous Adjustment	12.95
Return item not on the system	( <u>60.00</u> )

Ending cash balance (12/31/2007)

\$ <u>49,109.49</u>

# DISTRICT COURT 36-2-02 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 16,228.13
Receipts:		
Traffic	\$ 312,259.26	
Collateral	101,050.24	
Non-Traffic	57,670.39	
Criminal, Civil, etc.	<u>47,749.02</u>	
Total receipts		518,728.91
Disbursements:		
Commonwealth of Pennsylvania	\$ 272,970.10	
Beaver County	66,992.26	
Restitution & Refund Bail / Collateral	64,132.80	
Beaver Boro	20,198.86	
Server Fees	19,868.31	
Midland Boro	13,633.04	
Brighton Township	22,495.28	
Ohioville Boro	12,702.68	
Bridgewater Boro	9,155.77	
Industry Boro	4,560.48	
Vanport Township	3,389.79	
Beaver Area School District	400.60	
Midland School District	310.69	
Beaver Area Memorial Library	125.80	
Western Beaver Area School District	<u>102.67</u>	
Total disbursements		(511,039.13)
		(311,039.13)
Adjustments:		•
Adjustment for void checks		361.74
Reimbursed Bank charges		<u>2.16</u>
Ending cash balance (12/31/2007)		\$ 24.281.81

# DISTRICT COURT 36-3-01 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 19,014.59
Receipts:		
Traffic	\$ 253,071.16	
Non-Traffic	129,462.70	
Criminal, Civil, etc.	37,168.79	
Collateral	<u>34,969.94</u>	
Total receipts		454,672.59
Disbursements:		
Commonwealth of Pennsylvania	\$ 257,817.29	
Beaver County	61,123.79	
New Brighton Boro	56,463.37	
Restitution & Refund Bail / Collateral	26,353.10	
Server Fees	24,818.34	
North Sewickley Township	14,095.94	
Franklin Township	4,769.31	
New Brighton Area School District	3,318.67	
Pulaski Township	2,686.98	
Daugherty Township	2,037.75	
Ellwood City Boro	2,017.61	
Riverside School District	1,585.28	
Marion Township	<u>1,210.33</u>	
mara it i		
Total disbursements		(458,297.76)
Adjustments:		
Adjustment for void checks		331.30
Return items not on the computer		( <u>409.00</u> )
Ending cash balance (12/31/2007)		\$ 15.311.72

# DISTRICT COURT 36-3-02 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 12,303.37
Receipts:		
Traffic	\$ 219,522.59	
Collateral	50,708.88	
Non-Traffic	40,437.04	
Criminal, Civil, etc.	<u>32,447.14</u>	
Total Revenues		343,115.65
Disbursements:		
Commonwealth of Pennsylvania	\$ 222,212.60	
Beaver County	44,472.76	
Restitution & Refund Bail / Collateral	26,700.10	
Server Fees	16,013.80	
Chippewa Township	15,006.30	
Koppel Boro	8,377.31	
South Beaver Township	4,345.20	
Darlington Township	3,466.78	
Big Beaver Boro	1,320.89	
New Galile Boro	748.04	
Homewood Boro	658.14	
Blackhawk School District	621.79	
Darlington Boro	<u>271.97</u>	

Total Disbursements

(344,215.68)

Adjustments:

Adjustment for void checks

188.70

Ending cash balance (12/31/2007)

\$ 11,392.04

# DISTRICT COURT 36-3-03 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 24,705.32
Receipts:		
Traffic	\$ 384,568.90	·
Collateral	138,954.60	
Non-Traffic	121,968.24	
Criminal, Civil, etc.	50,754.33	
Total receipts		696,246.07
Disbursements:		
Commonwealth of Pennsylvania	\$ 370,438.78	
Beaver County	93,740.22	
Restitution & Refund Bail / Collateral	67,929.54	
Server Costs	62,367.50	
Monaca Boro	51,614.22	
Center Township	34,599.89	
Raccoon Township	8,364.58	
Shippingport Boro	4,604.09	
Potter Township	2,559.05	•
Green Township	1,886.16	
Monaca Area School District	436.70	
Center Area School District	253.93	
Georgetown Boro	216.98	
Hookstown Boro	212.15	
Community College of Beaver County	79.53	
South Side School District	74.92	
Blackhawk School District	<u>10.04</u>	
Total disbursements		(699,388.28)
Adjustments:		
Adjustment for void checks		240.91
Miscellaneous		0.92
Return item not entered on the computer		(25.00)
Un-reimbursed bank fees		( <u>29.25</u> )
Ending cash balance (12/31/2007)		\$ 21.750.69

### DISTRICT COURT 36-3-04 STATEMENT OF REVENUES AND EXPENSES FOR THE YEAR ENDING DECEMBER 31, 2007

Beginning cash balance (1/1/2007)		\$ 13,240.14
Receipts:		
Traffic Non-Traffic Collateral Criminal, Civil, etc.	\$ 150,247.81 52,818.22 42,223.61 22,649.10	
Total receipts		267,938.74
Disbursements:		
Commonwealth of Pennsylvania Beaver County Restitution & Refund Bail / Collateral Hopewell Township Server Fees Independence Township South Heights Boro Hanover Township Hopewell Area School District	\$ 153,589.49 38,422.22 23,836.65 20,147.01 13,239.17 8,116.82 7,294.02 1,624.76 1,420.97	
Total disbursements		(267,691.11)
Adjustments:	•	•
Adjustment for void checks Reimbursed bank charges		313.72 <u>9.23</u>

Ending cash balance (12/31/2007)

# COMBINED DISTRICT COURTS NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

- Note 1: <u>Summary of Significant Accounting Policies</u> The District Courts report on a cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.
- Note 2: <u>Traffic Receipt Categories</u> -Transactions resulting from summary proceedings for offenses arising under the Pennsylvania Motor Vehicle Code and violations of local parking ordinances.
- Note 3: <u>Non-Traffic Receipt Categories</u> -Transactions resulting from non-traffic summary proceedings initiated by a police officer or private citizen.
- Note 4: <u>Criminal, Civil, etc. Receipt Categories</u> -Transactions resulting from misdemeanor and/or felony charges brought by a police officer or private citizen. Transactions resulting from Landlord-Tenant actions or, civil actions filed for tortious conduct or contractual issues.
- Note 5: Collateral Receipt Categories Miscellaneous funds and funds deposited in escrow.

DAVID A. ROSSI CONTROLLER



WILLIAM CALHOON CHIEF DEPUTY CONTROLLER ALBERT A. TORRENCE SOLICITOR

BEAVER COUNTY COURTHOUSE THIRD STREET – BEAVER, PENNSYLVANIA 15009-2196 TELEPHONE: Area Code 724-728-5700

August 19, 2008

Mr. A. R. DeFilippi Beaver County Court Administrator Beaver County Court House Beaver, PA 15009

#### Report on Internal Control Structure

We have audited the accompanying statements of account for the nine District Courts located in Beaver County, Pennsylvania, for the period January 1, 2006 to December 31, 2007, and have issued our summary report thereon dated August 19, 2008.

We conducted our audits in accordance with generally accepted auditing standards and <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audits of the District Courts in Beaver County, Pennsylvania, for the period January 1, 2006 to December 31, 2007, we considered each office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of each District Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with

management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure we obtained an understanding of the design of relevant policies and procedures and whether they had been placed in operation. Additionally, we assessed control risk for the internal control structure. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following:

- Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments
- County purchasing policy and state laws were not adhered to for cleaning services

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

David A. Rossi

Beaver County Controller

#### **OBSERVATIONS AND RECOMMENDATIONS**

# Observation 1: <u>Improvement was needed in the processing procedures for Jail Time</u> <u>Served Compensation Adjustments</u>

A Jail time adjustment is used to record jail time served pursuant to 75 Pa.C.S.A. § 6504 or 42 Pa.C.S.A. § 9758(c) and Pa.R.Crim.P. Rule 456. Time served compensation adjustments can be allowed if the defendant has been sentenced to pay costs and fines, a default in payment has occurred, and a payment determination hearing has been held to ascertain if the defendant was able to pay.

After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456.

The Beaver County District Courts processed 909 Jail Time Served adjustments in 2007 totaling \$(161,423.09). An audit review was preformed of 371 jail time compensation adjustments totaling \$(70,409.78) for 348 cases and 159 defendants. The following was noted:

- 1. For 245 of the 348 cases reviewed (70%) there was no documentation in the case file of MDJ authorization for the Time Served adjustment. This amounted to a reduction of fines and costs totaling \$49,434.96 without documented MDJ approval in the case files.
- 2. MDJ approval documentation was in the case files for 103 cases with jail time compensation adjustments totaling \$(20,974.82), however, the documentation was often found to be incomplete and/or ambiguous. The authority to adjust costs and fines many times was given with hand written sticky notes showing only the words "Time Served" or marked with only "TS". These notes were not dated and did not detail which defendant or which docket numbers should receive credit or for how much. Other documentation, when present, was unclear and made it difficult to determine if jail time was to be in addition to costs and fines, in lieu of costs and fines, or only to cover a portion of costs and fines. It was not clearly indicated if all cases for a particular defendant should be adjusted concurrently or consecutively or if only the one case file containing the note was to receive credit for time served. [For 36 cases with adjustments totaling \$(8,579.02) a notation of "Time Served" was found by the Auditor in a different case file of the same defendant.]

- 3. After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456. Of the 348 case files reviewed, 307 (88%) did not contain a written order imposing the sentence of imprisonment for the jail time compensation.
- 4. To be in accordance with payment default procedures as described in PA R. Crim. P. 456, after a default in payment if a sentence of imprisonment has been imposed the defendant must be given a 30-day period to enter an appeal. Only 25 case files reviewed contained a waiver of the waiting period signed by the defendant. Without knowledge of the date of sentencing it was impossible to determine if the 30 day period had lapsed.
- 5. No documentation of any dates of incarceration was present in 66 case files reviewed (19%). In addition, no independent verification of the jail time served was in the case files for 198 cases (57%).
- Without knowledge of the dates of incarceration it could not be evaluated if sufficient time was served for traffic cases to cover costs and fines at \$40/day as allowed by statute.

#### Recommendation:

Time served adjustments should only be authorized after a default in payment has occurred.

Prior to processing a jail time compensation adjustment, a payment determination hearing should be held and a determination should have been made that the defendant was <u>able</u> to pay.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, the effective date of imprisonment should assure that the 30-day appeal period has elapsed, or a waiver of this waiting period should be obtained from the defendant.

Prior to processing a jail time compensation adjustment, commitment information should be completely and accurately entered onto the PA State DJ computer system. The dates entered should reflect the actual dates of incarceration which apply to the adjustment.

A form should be completed and signed by the Magisterial District Justice to indicate his authorization and approval of the time served compensation adjustment. This form should contain at a minimum the date, defendants name, docket number, the amount of costs and/or fines to be reduced, and any other conditions or requirements prior to allowing the jail time compensation adjustment.

# Observation 2: County purchasing policy and state laws were not adhered to for cleaning services

Custodial services for the Beaver County District Courts were provided by a single cleaning service company in 2006 and 2007. A monthly invoice of \$1,305 was submitted to cover the charges for the nine District Court Offices. Total payment for the custodial service provided to the District Courts was \$15,660 annually. Although this annual expenditure exceeded \$10,000 the service was not formally bid nor was a resolution prepared to approve a contract and define any requirements with the cleaning service.

#### Recommendation:

For any purchase, assurances should be made that the Beaver County District Courts are in compliance with the Beaver County Purchasing Policy, the Pennsylvania County Code, and any other applicable laws and regulations. Because the fee for custodial service at the District Courts was in excess of \$10,000 the service should have been offered for public bidding and a contract should have been prepared and approved by resolution.

An exit conference was held on September 9, 2008 for the purpose of discussing the items presented in this summary report. Those in attendance were:

#### Court Administration

A. R. DeFilippi - Beaver County Court Administrator

Aileen Bowers - Deputy Court Administrator

#### Beaver County Controller's Office

Cheryl Spagnola - Auditor

The results of the summary audit were discussed in their entirety during this conference.

A form has been enclosed with this summary report to be completed by the Court Administrator. This form restates all findings noted in the summary audit. The Court Administrator is requested to complete the corrective action section for each finding. If no corrective action has been taken, please state this. Return this form to the Office of the Controller within thirty days of receipt. This form will be incorporated and become a part of this summary report. As a part of the Office of the Controller's normal reporting procedure, a copy of this summary report along with your responses will be distributed to the Beaver County District Magistrates and will be posted in the Controller's section of the Beaver County website.



# COURT ADMINISTRATOR'S OFFICE COURT OF COMMON PLEAS

BEAVER COUNTY COURTHOUSE
BEAVER, PENNSYLVANIA 15009

A. R. DEFILIPPI DISTRICT COURT ADMINISTRATOR

TELEPHONE 724-728-5700 FAX 724-728-8708

November 7, 2008

Mr. David A. Rossi Beaver County Controller Beaver County Courthouse Beaver, PA 15001

> Re: Response to Audit Report for Beaver County District Courts Encompassing January 1, 2006 – December 31, 2007

Dear Mr. Rossi:

This letter is in response to the Audit Report prepared by your office for the nine Magisterial District Courts in Beaver County for the time frame encompassing January 1, 2006 – December 31, 2007.

This letter will address the observations and subsequent recommendations made by the audit. The audit observed that improvement was needed in the procedures utilized for processing jail time served compensation adjustments. It also observed that collectively, the Magisterial District Courts were paying a vendor for janitorial and maintenance services without having obtained a competitive bid.

The observations and responses are as follows:

Observation 1: <u>Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments</u>

#### Recommendation:

Time served adjustments should only be authorized after a default in payment has occurred.

#### Response:

We agree with this recommendation in part. According to the AOPC's Magisterial District Judge manual and the statutory authority of 75 Pa.C.S. § 6504, jail time adjustment may be used in lieu of payment of fines and costs in traffic cases. In non-traffic cases, the jail time adjustment can take place only after a payment determination hearing has occurred, which is usually after a default in payment.

#### Recommendation:

Prior to processing a jail time compensation adjustment, a payment determination hearing should be held and a determination should have been made that the defendant was <u>able</u> to pay. (Emphasis added by the auditor.)

#### Response:

We would respectfully disagree with the auditor's assessment that jail time compensation is only available when a defendant has been determined able to pay and yet defaulted on the payment or the payment plan, pursuant to the authority contained in 75 Pa. C.S.§ 6504, as well as 42 Pa. C.S. §§ 9730 and 9758.

A review of the AOPC's manual for Magisterial District Judges reveals that when a defendant is unable to pay a traffic citation, the MDJ has an option other than ordering another payment schedule or sentencing the defendant to community service:

"The Magisterial District Judge may impose jail time in traffic cases if the defendant has defaulted in payment and has been found <u>unable</u> to make a full payment or maintain his / her current time payment schedule." (Emphasis added by respondent.)

Further, in Non-Traffic cases, the manual states that the Magisterial District Judge, pursuant to the authority in the statute cited above, may order a time payment schedule, alter or amend a current schedule, schedule the defendant to community service or sentence the defendant to jail for jail time compensation, "if the determination entered was <u>unable</u> to pay." (Emphasis added by respondent.)

#### Recommendation:

After a sentence of imprisonment is imposed, as required by Pa. R.Crim.P. 456, a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant.

#### Response:

We agree. Pa. R.Crim.P. 456 (3)(d) requires the Magisterial District Judge to sign an order imposing sentence and include the specifics of the sentence, including any payment plan. It also requires defendant to be advised of the right to file an appeal within 30 days and also to be given a date certain to appear again before the MDJ for imposition of sentence if no appeal is filed. Even if the defendant waives the 30 day appeal period, the requirement of a written order imposing sentence is still mandated.

#### Recommendation:

After a sentence of imprisonment is imposed, as required by Pa. R.Crim.P. 456, the effective date of imprisonment should assure that the 30 day appeal period has elapsed, or a waiver of the waiting period should be obtained from the defendant.

#### Response:

We agree. Pa. R.Crim.P. 456 does contain a 30 day appeal period. In the event that the defendant wishes to waive that appeal period, a signed waiver should be obtained from the defendant prior to the effective date of the sentence.

#### Recommendation:

Prior to processing a jail time compensation adjustment, commitment information should be completely and accurately entered into the MDJS. The dates entered should reflect the actual dates of incarceration which apply to the adjustment.

#### Response:

We agree with the recommendation in certain instances. If the defendant is incarcerated at the time that the jail time compensation adjustment is ordered, then he or she has already been committed. The failure of an MDJ to execute a commitment is not an attempt to circumvent the system, but is seen as an unnecessary step. In fact, the MDJS allows the jail time adjustment to be entered into the system without doing a commitment.

However, we recognize that both county and state auditors are concerned that without a commitment form in the file, it is a process that could be abused. Absent the use of a commitment form, we would agree there should be some other means to document that the defendant was actually in jail for the time period given in the jail time adjustment.

At present time, the position of the AOPC's Judicial Programs Department is that at a minimum, there should be case notes that reflect the actual dates of the sentence and / or a copy of the defendant's commitment period from the jail. This is an issue that the AOPC is working on to resolve as it builds the new MDJ computer system.

#### Recommendation:

A form should be completed and signed by the Magisterial District Judge to indicate his or her authorization and approval of the time served compensation adjustment. This form should contain the date, defendant's name, docket number (or numbers), the amount of costs and / or fines to be reduced and any other conditions or requirements prior to allowing the jail time compensation adjustment.

#### Response:

The observation made by the auditor is a valid one. The form referenced is an in-house form, as there is no AOPC form that captures this information. It should be noted, that the state Auditor General has raised concerns with the AOPC regarding the lack of documentation for time served adjustments in Magisterial District Courts across the Commonwealth. This is viewed as a procedural deficiency which leaves courts vulnerable to potential financial fraud. But, it is a problem that should be rectified with the new MDJS.

# Observation 2: <u>County purchasing policy and state laws were not adhered to for cleaning services.</u>

#### Recommendation:

Because the fees for custodial services at the nine District Courts was in excess of \$10,000, the service should have been offered for public bidding and a contract should have been prepared and approved by resolution.

#### Response:

This office is in agreement with the recommendation by the auditor. The vendor who performed the cleaning for the MDJ offices started with four offices and the amount of annual compensation was well under the statutory requirement for bidding. Over the years, as the County continued to move offices from rental units to its own buildings, additional work was provided to the vendor. In no way was this oversight an attempt to circumvent the statutory bidding requirement.

The County's Central Services department developed a request for proposal and solicited bids for a vendor to perform cleaning and maintenance services for the Magisterial District Courts.

Should you have any questions in regard to this matter, do not hesitate to contact me.

Sincerely,

Aileen M. Bowers

**Deputy Court Administrator** 

Heen M. Bowers

cc: President Judge John D. McBride

A.R. DeFilippi, District Court Administrator

Magisterial District Judge Joseph Schafer

Magisterial District Judge William Livingston

Magisterial District Judge James DiBenedetto

Magisterial District Judge Edward Howe

Magisterial District Judge Tim Finn

Magisterial District Judge Dale Nicholson

Magisterial District Judge C. Douglas Loughner

Magisterial District Judge Janet Swihart

Senior Magisterial District Judge John Armour

Senior Magisterial District Judge Donald Eiler

Senior Magisterial District Judge Martin Schulte